

Regular Session, 1997

SENATE BILL NO. 1295

BY SENATOR CRAVINS

AN ACT

To enact Chapter 7 of Title 27 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 27:351 through 354, 361 through 365, 371 through 377, and 381, relative to slot machine gaming at certain live horse race tracks; to provide for state policy; to provide definitions; to provide relative to the power of the Louisiana State Racing Commission; to provide relative to the temporary and permanent conduct of slot machine gaming; to provide for required licenses and the terms of such licenses; to provide relative to required suitability standards; to provide relative to the powers and duties of the Louisiana Gaming Control Board; to provide relative to the duties of the office of state police; to provide relative to limitations on slot machine gaming; to prohibit certain relationships; to provide for certain crimes and provide penalties therefor; to prohibit allowing minors to play slot machines and to provide with regard thereto; to require posting certain information regarding assistance for compulsive gambling; to require

and provide for a local election regarding slot machine gaming; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. Chapter 7 of Title 27 of the Louisiana Revised Statutes of 1950, comprised of R.S. 27:351 through 354, 361 through 365, 371 through 377, and 381, is hereby enacted to read as follows:

**CHAPTER 7. PARI-MUTUEL LIVE RACING FACILITY ECONOMIC
REDEVELOPMENT AND GAMING CONTROL ACT**

PART I. GENERAL PROVISIONS

§351. Title

This Chapter shall be referred to as the "Louisiana Pari-mutuel Live Racing Facility Economic Redevelopment and Gaming Control Act".

§352. Policy

The legislature hereby finds and declares it to be the public policy of this state that:

(1) Pari-mutuel wagering facilities which offer live horse racing have historically made great contributions to the economic development of the state at large and particularly the agricultural and horse breeding industries.

(2) Recent legalization of additional forms of wagering other than pari-mutuel wagering on horse races such as lottery, riverboat gaming, and land based casino gaming have, and will continue to have, a substantial negative and detrimental affect upon live horse racing as well as the thoroughbred and quarterhorse industries in general.

(3) Authorization of certain specified gaming activities, such as the competitive offering of slot machine gaming at specifically defined

eligible live racing facilities, will revitalize and rehabilitate those facilities within strategically located geographic areas of the state, and will further result in overall economic development and additional revenues to the state and parishes where those facilities are located.

§353. Definitions

A. When used in this Chapter, the following terms shall have these meanings:

(1) "Board" means Louisiana Gaming Control Board.

(2) "Designated slot machine gaming area" means the area of an eligible live racing facility at which slot machine gaming may be conducted in accordance with the provisions of this Chapter.

(3) "Division" means the division in the office of the state police, Department of Public Safety and Corrections which provides investigatory, regulatory, and enforcement services to the board in the implementation, administration, and enforcement of this Chapter.

(4) "Eligible facility" means no more than one facility in St. Landry Parish, Bossier Parish, and Calcasieu Parish at which the Louisiana State Racing Commission has licensed the conduct or at which the commission has approved the future licensing of the conduct of not less than eighty days within a consecutive twenty week period each year of live horse race meetings.

(5) "License" means the authorization applied for or issued to the owner of an eligible facility by the board to conduct slot machine gaming at an eligible facility issued pursuant to the provisions of this Chapter. "License" also means authorization issued by the board to a slot machine owner, a manufacturer, distributor, or a service technician to participate in slot machine gaming operations at eligible facilities.

(6) "Licensee" means any person issued a license by the board.

(7) "Manufacturer" means any person who manufactures or assembles and programs slot machines for use in this state.

(8) "Net slot machine proceeds" means the total of all cash and property received by a licensee from slot machine gaming operations minus the amount of cash or prizes paid to winners.

(9) "Person" means any individual, partnership, corporation, or other legal entity.

(10) "Service technician" means any person other than a licensee or manufacturer who repairs, services, inspects, or examines slot machines.

(11)(a) "Slot machine" means any mechanical, or electronic machine, which, upon insertion of an item of currency, token, or similar object therein, is available to play or operate, the play or operation of which solely by application of the element of chance, may deliver or entitle the person playing or operating the machine to receive cash, premiums, merchandise, tokens, or anything of value, whether the payoff is made automatically from the machine or in any other manner.

(b) Slot machines shall:

(i) Be inspected by the board or its designee for certification and compliance.

(ii) Have a serial number or other identification number permanently affixed to the device by the manufacturer.

(iii) Be connected to a central computer operated and maintained as directed by the board.

(iv) Offer the same minimum winning percentage and payout as slot machines on riverboats.

(12) "Slot machine gaming" means the use, operation, offering, or conducting of slot machines at an eligible facility in accordance with

the provisions of this Chapter.

§354. Power of Louisiana State Racing Commission

Nothing in this Chapter shall be construed to abrogate, limit, or effect in any way the powers granted the Louisiana State Racing Commission.

PART II. CONDUCT OF SLOT MACHINE GAMING ACTIVITY

SUBPART A. AUTHORIZED ACTIVITY AND REQUIRED ACTIONS

§361. Conduct of slot machine gaming; temporary conduct

A.(1)(a) Subject to the limitation in Paragraph (2) of this Subsection, upon sworn application by the owner of an eligible facility and upon a finding by the board, after investigation, that the application is complete and the owner is suitable, the board shall issue a license to the owner to conduct slot machine gaming in an eligible facility. Once licensed, slot machine gaming may be conducted subject to the requirements of this Chapter and rules adopted pursuant to the authority granted in this Chapter.

(b) As a condition of licensing and to maintain continued authority for the conduct of slot machine gaming at his facility, the owner of the eligible facility shall:

(i) Maintain continuous suitability.

(ii) Determine that all persons who participate in the conduct of slot machine gaming at his eligible facility who are required by this Section to be licensed have such a license. The board shall advise all licensed owners of eligible facilities whenever any person once licensed as required by R.S. 27:362 is no longer licensed. The licensed owner shall not be found unsuitable or otherwise penalized for failure to terminate the participation of any person who was licensed at the time of original participation if the board has not provided the

notification required by this Paragraph.

(iii) Permit unrestricted access and right of inspection by the board, any agent of the board, and the division to any portion of the premises of an eligible facility in which any activity relative to the conduct of slot machine gaming is conducted.

(iv) Contribute to the support of pari-mutual wagering facilities in the state at large and the horse breeding industry by paying annually from the annual net slot machine proceeds received from slot machine gaming operations at his facility a fixed percentage to be provided by law by the legislature by August 1, 1998. Such legislation shall require the following:

(aa) That the owner pay annually a fixed percentage of not less than fifteen percent of the annual net slot machine proceeds received from slot machine gaming operations at his facility to supplement purses as follows:

(AA) Seventy percent to supplement purses for thoroughbred races at that facility, thirty percent of which shall be for Louisiana bred thoroughbred horses. Four percent of this amount shall go to the Horsemen's Benevolent and Protective Association in accordance with law.

(BB) Thirty percent to supplement purses for quarter horse races at that facility, sixty percent of which shall be for Louisiana bred quarter horses. Four percent of this amount shall go to the Horsemen's Benevolent and Protective Association in accordance with law.

(bb) That the owner pay annually a fixed percentage of not less than two percent of the annual net slot machine proceeds received from slot machine gaming operations at his facility to the Executive Committee of the Louisiana Thoroughbred Breeders Association to be

distributed by the committee according to a schedule or formula and within a period which shall be established by the committee for special breeder awards to the breeders of accredited Louisiana bred horses.

(cc) That the owner pay annually a fixed percentage of not less than one percent of the annual net slot machine proceeds received from slot machine gaming operations at his facility to the Executive Committee of the Louisiana Quarter Horse Breeders' Association to be distributed by the committee according to a schedule or formula and within a period which shall be established by the committee for special breeders awards to the breeders of accredited Louisiana bred quarter horses.

(2) An application may be approved by the board only after the electorate in the parish in which the eligible facility is located or, is proposed to be located, as provided for in Subsection B of this Section, have approved the conduct of slot machine gaming at such facility at an election, as provided in Part III of this Chapter.

B. The owner of a pari-mutuel live horse racing facility which has been licensed by the Louisiana State Racing Commission to conduct live race meetings, as provided in Part I of Chapter 4 of Title 4 of the Louisiana Revised Statutes of 1950, although the facility necessary to conduct live race meetings has not been completed and live racing has not begun to be conducted may be licensed as provided in Subsection A of this Section and may conduct slot machine gaming under such license in a designated slot machine gaming area approved by the board provided that the facility for the conduct of a live race meeting be constructed and a schedule of live race meetings be established no later than twenty-four months following the receipt of a license to conduct slot machine gaming. All authority to conduct slot

machine gaming shall cease if at the end of twenty-four months the requirements of this Subsection are not met.

C.(1) The license provided for in this Section shall be issued for a period of five years and shall be renewed for succeeding five year periods upon application for such renewal, provided such application includes all revisions to the information in the original application which are necessary to maintain such information as both accurate and current and provided the board continues in its finding of suitability.

(2)(a) The license provided for in this Section shall not be transferrable.

(b)(i) The board shall provide by rule for establishing when a change in the interests in a licensed owner constitute a change of ownership of sufficient significance that continuing the license would violate the provisions of this Paragraph.

(ii) The board shall provide by rule for an opportunity for a proposed buyer of an eligible facility to undergo the same processing and investigation by the board that would be conducted regarding an applicant for licensing to conduct slot machine gaming as an owner of an eligible facility in advance of the proposed buyer concluding the purchase. In such a case, the board shall determine and inform the proposed buyer of whether or not based on the processing and investigation the proposed buyer would be licensed to conduct slot machine gaming as the owner of the facility should he apply for such a license. The advance process and investigation provided for in this Subsubparagraph shall not replace the application of the owner of an eligible facility to conduct slot machine gaming in such facility; however, additional processing and investigation shall be required only to supplement the prior processing and investigation in order that all

matters related to such an application be complete and current.

§362. Required licenses; term of licenses

A. In addition to the owner of the eligible facility as provided in R.S. 27:361, the following persons upon application and a finding by the board of suitability, shall be licensed by the board, before any such person may participate in the conduct of slot machine gaming at any eligible facility:

- (1) Slot machine owner.
- (2) Distributor.
- (3) Manufacturer.
- (4) Service technician.

B. The licenses provided for in this Section shall be granted for a period of one year and shall be renewed annually upon application for such renewal provided such application includes all revisions to the information in the original application which are necessary to maintain such information as both accurate and current and provided the board continues in its finding of suitability.

C. The licenses provided for in this Section shall not be transferrable. However, the board shall provide by rule for establishing when a change in the interests in a licensee constitutes a change of sufficient significance that continuing the license would violate the provisions of this Paragraph.

§363. Suitability standards

A. No applicant shall be granted a license under the provisions of this Chapter unless the applicant has demonstrated to the board that he is suitable for licensing.

B. For purposes of this Chapter, suitable for licensing means:

- (1) The applicant is a person of good character, honesty, and

integrity and has never been convicted of a felony offense.

(2) The applicant is a person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest or to the effective regulation and control of slot machine gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of slot machine gaming or the conducting of business and financial arrangements incidental thereto.

(3) The applicant is capable of conducting the activity for which a license is sought, which means that the applicant can demonstrate the capability, either through training, education, business experience, or a combination of the above to conduct such activities.

(4) Particularly as to the owner of the eligible facility, the applicant can demonstrate that the proposed financing of slot machine gaming at the eligible facility is adequate for the nature of the proposed operation and from a source suitable and acceptable to the board.

C. Every person who has or controls, directly or indirectly, more than a five percent ownership, income, or profit interest in a person which has or applies for a license in accordance with the provisions of this Chapter, or who receives more than five percent revenue interest in the form of a commission, finder's fee, loan repayment, or any other business expense related to the slot machine gaming operation, or who has the ability, in the opinion of the board, to exercise a significant influence over the activities of a licensee authorized or being considered for authorization under this Chapter, shall meet all suitability requirements as a part of the relevant applicant's suitability requirement.

D. A person whose application for a license has been denied, or

whose license has been issued subject to a condition or whose license has been suspended or revoked, or against whom a fine has been levied has the right to a hearing before the board pursuant to R.S. 27:25 and an appeal from a decision of the board, pursuant to R.S. 27:26.

E. All licensees shall have a continuing duty to inform the board of any action which they believe would constitute a violation of this Chapter. No person who so informs the board shall be discriminated against by an applicant or licensee because of supplying such information.

§364. Gaming Control Board; powers and duties

A. The board shall:

(1)(a) Adopt, pursuant to the Administrative Procedure Act, all rules necessary to implement, administer, and regulate slot machine gaming as authorized in this Chapter.

(b) Such rules shall include:

(i) Procedures for applying for a license and seeking renewal of a license.

(ii) Establishing technical qualifications beyond suitability as provided for in this Chapter which shall be necessary to be licensed as a manufacturer and a service technician.

(iii) A process for counting and collecting net slot machine proceeds.

(iv) A standard for determining whether changes in interests in various licensees are sufficiently significant such that to continue the license in the licensee would violate the prohibitions in R.S. 27:361(C)(2) and 362(C).

(v) A prescription of the types of slot machines which may be operated and the games which may be permitted on such machines. No

game may be permitted on such machines by prescription of the board which resembles a game the play of which requires, or typically includes, the participation of another natural person.

(c) Such rules may include:

(i) Requiring licensees or former licensees to maintain specified records and submit any data, information, record, or report including financial and income records, required by this Chapter or determined by the board to be necessary to the proper implementation and enforcement of this Chapter.

(ii) Requiring certain minimum physical security standards be observed in designated slot machine gaming areas.

(iii) Requiring a standard of maintenance of slot machines.

(2) Revoke or suspend the license of any person who is found, after receiving a license, to have been unsuitable at the time of application for the license or who is otherwise found unsuitable.

(3) Conduct any investigation or cause any investigation to be conducted by the division the board determines necessary to fulfill its responsibilities under the provisions of this Chapter.

(4) Permit slot machines to be linked for the offering of progressive jackpots.

(5) Approve the location, plans, and construction of the designated slot machine gaming area in an eligible facility.

B. The board may direct the division to:

(1) Inspect and examine all premises where slot machines are offered for play or where slot machines or equipment are manufactured, sold, or repaired.

(2) Inspect all slot machines and related equipment and supplies.

(3) Summarily seize and remove slot machines and related

equipment and supplies from any facility wherein such machines are or have been operated pursuant to this Chapter.

C. The board may:

(1) Deny, revoke, condition, or suspend the license of any person who violates any provision of this Chapter or any rule adopted pursuant to the authority granted in this Chapter. This is a power in addition to the requirements of Paragraph (2) of Subsection A of this Section and is not intended to limit that requirement.

(2) Take steps necessary to collect fees owed to the board, including filing a suit.

(3) Direct the division to act on its behalf in any manner relative to investigation, inspection, and enforcement.

§365. Division; powers and duties

The division shall:

(1) Upon the direction of the board or pursuant to any agreement with the board, investigate any applicant or licensee, make any other investigation or inspection, or take any enforcement action necessary to the thorough and efficient implementation of this Chapter.

(2) Subject to the direction of the board, establish, maintain, and operate the mechanism necessary to conduct remote polling or reading of slot machine operations or for the remote shutdown of those operations.

(3) Inspect, examine, and seize and impound all slot machines or equipment or records related to operating slot machines as directed by the board or as agreed with the board.

(4) Report to the board any violation of law or rule discovered by the division.

SUBPART B. PROHIBITED ACTIVITIES

§371. Prohibition on operation of video draw poker devices;
prohibition on any other type of game

A. The operation of video draw poker devices shall be prohibited and may not be licensed to operate in any eligible facility in which slot machine gaming occurs.

B. Nothing in this Chapter shall be construed to permit the operation or play of any type of game the play of which requires the participation of an employee of the licensee.

§372. Slot machine gaming area limitations

A. The size of the designated gaming area in an eligible facility shall not exceed fifteen thousand square feet.

B. No gaming devices other than slot machines and authorized pari-mutuel wagering devices and equipment shall be in the designated slot machine gaming area.

§373. Prohibited relationships

A.(1) In addition to any prohibition found in Chapter 15 of Title 42 of the Louisiana Revised Statutes of 1950, no person employed by or performing any function on behalf of the board or the division may:

(a) Be an officer, director, owner, or employee of any person or entity licensed by the board.

(b) Have or hold any interest, direct or indirect, in or engage in any commerce or business relationship with any entity licensed by the board.

(2)(a) No elected public official as defined in R.S. 42:1 shall engage in any business activity with a licensee except as a patron.

(b) As used in this Paragraph, business activity shall specifically include but is not limited to contracts:

(i) For the sale or purchase of goods, merchandise, and services.

(ii) To provide or receive legal services, advertising, public relations, or any other business or personal service.

(iii) For the listing, purchase or sale of immovable property or options or real rights relating thereto.

(iv) Modifying ownership or possessory interests in stocks, bonds, securities, or any financial instruments.

(3) The Board of Ethics shall administer and enforce the provisions of this Subsection. The procedures provided for in the Code of Governmental Ethics shall apply to the administration and enforcement of the provisions of this Subsection.

B. No person licensed by the board as a manufacturer, distributor, or slot machine owner may participate in the operation of any computer program, software, or device which is used for the polling or reading of slot machine operations or for the remote shutdown of those operations as provided for in R.S. 27:365(2).

§374. Illegal lottery devices

Notwithstanding any provision of the law to the contrary, no slot machine operated according to the provisions of this Chapter shall be considered an illegal lottery device for purposes of R.S. 47:9075.

§375. Crimes and penalties; false statements; unauthorized slot machines; skimming of slot machine proceeds; payroll check cashing; gambling devices

A. Any person who intentionally makes, causes to be made, or aids, assists, or procures another to make a false statement in any report, disclosure, application, or any other document required by this Chapter or a rule adopted under the authority of this Chapter shall, upon conviction, be imprisoned, with or without hard labor, for not more than ten years or be fined not more than ten thousand dollars, or

both.

B. Except as otherwise permitted by law, any person who possesses or operates a slot machine without the license required by this Chapter or at other than an eligible facility shall, upon conviction, be imprisoned with or without hard labor for not more than ten years or be fined not more than ten thousand dollars, or both.

C. Any person who intentionally excludes, or takes any action in an attempt to exclude, anything or its value from the deposit, counting, collection, or computation of revenues from slot machine activity shall be imprisoned at hard labor for not less than one year nor more than ten years, without benefit of probation, parole, or suspension of sentence, and may be fined not more than twenty-five thousand dollars.

D. Any owner of an eligible facility who has been granted a license to operate slot machine gaming who cashes or accepts for cashing or permits any employee or other person to cash or accept for cashing an identifiable employee payroll check in the designated slot machine gaming area shall, upon conviction, be imprisoned for not more than six months or fined not more than five thousand dollars, or both.

E. Any slot machine used or offered for play in violation of the provisions of this Chapter, except as otherwise permitted by law, shall be considered a gambling device for purposes of R.S. 15:31.

§376. Allowing minors to play slot machines; penalties; revocation of license

A.(1) No person licensed pursuant to the provisions of this Chapter, or any agent or employee thereof, shall intentionally allow a person under the age of twenty-one to play or operate a slot machine.

(2) The person licensed pursuant to provisions of this Chapter shall each quarter report and remit to the division all winnings withheld from customers who are determined to be under the age of twenty-one.

B. The board shall revoke the license of any person issued pursuant to the provisions of this Chapter, who is found by the board to have committed or allowed a violation of Subsection A of this Section.

§377. Toll-free telephone assistance for compulsive gamblers; posting of signs on premises

The board shall require the posting of one or more signs at points of entry to the slot machine gaming areas where to inform customers of the toll-free telephone number available to provide information and referral services regarding compulsive or problem gambling.

PART III. ELECTION PROVISIONS

§381. Parish-wide election on slot machine gaming

A. Notwithstanding any provision of law to the contrary, no slot machine gaming shall be allowed in an eligible facility in any parish unless the operation and conduct of slot machine gaming pursuant to this Chapter has first has been approved at an election held for such purpose.

B. Any person desiring to operate and conduct slot machine gaming at an eligible facility in a parish, shall make application to the governing authority of the parish in which the proposed slot machine gaming is to be conducted. The application shall state the location of the proposed slot machine gaming and describe the facilities proposed to be constructed for the holding of slot machine gaming and shall have attached the license, or a certified copy thereof, for the live horse race

meeting issued by the Louisiana State Racing Commission to conduct such live horse racing at the eligible facility.

C. Upon receipt of the application, the governing authority of the parish in which the slot machine gaming is proposed to be held shall call and conduct a referendum election within the parish for the purpose of submitting to the qualified electors of the parish the proposition whether or not the proposed slot machine gaming shall be allowed.

D. Except as provided in this Section, the elections shall be held in compliance with the Election Code provisions governing proposition elections. In addition to the notice required by the Election Code, the parish governing authority also shall have five spot announcements, at least two days apart, of the election broadcast on radio or television channels readily receivable in the parish and shall make notice of the election available to the news media. All qualified electors of the parish shall be entitled to vote in the election.

E. The proposition to be printed on the election ballot shall be: "TO AUTHORIZE SLOT MACHINE GAMING AT LIVE HORSE RACING FACILITIES. Shall the business of slot machine gaming at a live horse racing facility be conducted within the parish of _____" and the voters shall vote for or against the proposition, a vote for the proposition being a "Yes" vote and a vote against the proposition being a "No" vote. The election shall be conducted as provided in the Election Code. Any elector who was qualified to vote in the election may demand a recount of the ballots or contest the election in the manner and within the time provided by law for recount or contest of elections under the general election laws of the state.

F. The parish governing authority shall notify the applicant and

the Gaming Control Board promptly of the results of the election. If slot machine gaming has been approved, the applicant may proceed in accordance with this Chapter and rules adopted pursuant to the authority of this Chapter. If the proposed slot machine gaming has not been approved at the election, the board shall not grant a license therefor and shall not accept or consider an application for such a license in the same parish until the expiration of at least two years from the date of the election at which the slot machine gaming in the parish was disapproved.

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval. However, no slot machine gaming may be conducted until and unless the legislature provides by law for the imposition, collection, and disposition of five percent of the proceeds raised to the parish school board for use for capital construction and repairs to schools in any parish in which slot machines are operated, except that in Bossier Parish such proceeds shall be deposited in the Bossier Educational Excellence Fund in an eligible facility of taxes on net slot machine proceeds and fees necessary to administer the requirements of this Act. However, no slot machine gaming may be conducted until and unless the legislature provides by law for (1) the imposition, collection, and disposition of taxes on net slot machine proceeds and fees necessary to administer the requirements of this Act and (2) the dedication of a fixed percentage of net slot machine proceeds to supplement purses for races run at the live meetings at the eligible facility and to the Louisiana Thoroughbred Breeders Association and the Louisiana Quarter

Horse Breeders Association for use as awards for breeders of accredited Louisiana bred horses and for promotion of the Louisiana horse breeding industry.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____